

➡ *Administered by Member Firm Regulation*

(2) Recording of transactions in accounts.—Transactions in securities shall be recorded in accounts no later than settlement date.

Amendment.

June 28, 1978.

August 18, 1992.

● ● ● **Supplementary Material:**

- .10 Transposed to Rule 411(b-1) without change effective May 28, 1982.
- .20 Transposed to Rule 409(f) with change effective May 28, 1982.
- .30 Rescinded effective May 28, 1982.
- .40 Transposed to Rule 411(b)(2) with change effective May 28, 1982.
- .50 Transposed to Rule 409(g) without change effective May 28, 1982.
- .60 Transposed to Rule 36.30 without change effective May 28, 1982.
- .70 Transposed to Rule 36.20 without change effective May 28, 1982.

¶ 2412

Customer Account Transfer Contracts

Rule 412. (a) When a customer whose securities account is carried by a member organization (the "carrying organization") wants to transfer the entire account to another member organization (the "receiving organization") and gives written notice of that fact to the receiving organization, both member organizations must expedite and coordinate activities with respect to the transfer.

(b)(1) Upon receipt from the customer of a signed broker-to-broker transfer instruction to receive such customer's securities account, the receiving organization will immediately submit such instruction to the carrying organization. The carrying organization must, within three (3) business days following receipt of such instruction, (i) validate and return the transfer instruction (with an attachment reflecting all positions and money balances as shown on its books) to the receiving organization or (ii) take exception to the transfer instruction for reasons other than securities positions or money balance discrepancies and advise the receiving organization of the exception taken.

(2) The carrying organization and the receiving organization must promptly resolve any exceptions taken to the transfer instruction.

(3) Within three (3) business days following the validation of a transfer instruction, the carrying organization must complete the transfer of the customer's securities account to the receiving organization. The carrying organization and the receiving organization must establish fail to receive and fail to deliver contracts at then current market values upon their respective books of account against the long/short positions (including options) in the customer's securities account that have not been physically delivered/received and the receiving/carrying organization must debit/credit the related money amount. The customer's securities account shall thereupon be deemed transferred.

Amendment.

September 2, 1994; effective December 2, 1994.

November 25, 1998.

(c) Any fail contracts resulting from this account transfer procedure must be closed out within ten (10) business days after their establishment.

(d) Any discrepancies relating to positions or money balances that exist or occur after transfer of a customer's securities account must be resolved promptly. When a

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member organization receives a written claim letter relating to an account transfer, the member organization must resolve the claim within five (5) business days from receipt of such letter or respond in writing to the claiming organization setting forth specific reasons for denying the claim.

Amendment.

September 2, 1994; effective December 2, 1994.

(e)(1) When both the carrying organization and the receiving organization are participants in a registered clearing agency having automated customer securities account transfer capabilities, the account transfer procedure, including the establishing and closing out of fail contracts, must be accomplished in accordance with the provisions of this rule and pursuant to the rules of and through such registered clearing agency.

(2) When both the carrying organization and the receiving organization are participants in a registered clearing agency having automated customer securities account transfer capabilities with an automated facility for transferring mutual fund positions such facilities must be utilized for transferring mutual fund positions.

(3) When both the carrying organization and the receiving organization are participants in a registered clearing agency having automated customer securities account transfer capabilities with a facility for transferring residual credit positions (both cash and securities) which have accrued to an account after the account has been transferred (residual credit processing), such facilities must be utilized for transferring residual credit positions from carrying organization to receiving organization.

Each member organization (including organizations that do not utilize automated customer securities account transfer facilities) is required to transfer, for a minimum period of six (6) months after an account transfer is completed, credit balances (both cash and securities) that occur in such transferred account within (10) ten business days after the credit balances accrue to the account.

Amendment.

September 2, 1994; effective March 3, 1995.

(f) The Exchange may exempt from the provisions of this rule, either unconditionally or on specified terms and conditions, (i) any member organization or class of member organization or (ii) any type of account, security or financial instrument.

(g) Unless an exemption has been granted pursuant to paragraph (f) of this rule, the Exchange may impose upon a member organization a fee of up to \$100 per securities account for each day such member organization fails to adhere to the time frames or procedures required by this rule and related published interpretations.

● ● ● **Supplementary Material:**

.10 For purposes of this rule, the term "securities account" shall be deemed to include any and all of the account's money market fund positions or the redemption value thereof.

.20 For purposes of this rule, the term "registered clearing agency" shall be deemed to be a clearing agency as defined in the Securities Exchange Act of 1934 registered in accordance with that Act.

.30 Transfer instructions and reports required by this rule shall be in such form as may be prescribed by the Exchange.

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Rules of Board—Conduct of Accounts

3709

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Adopted.

October 21, 1971.

Amendments.

June 28, 1978.

November 26, 1985, effective February 24, 1986.

September 2, 1994; effective December 2, 1994 and March 3, 1995.

¶ 2413**Uniform Forms**

Rule 413. Every individual member and every member organization shall adopt such uniform forms as the Exchange may prescribe to facilitate the orderly flow of transactions within financial community.

Adopted.

February 3, 1973.

¶ 2414**Index and Currency Warrants****Definitions**

Rule 414. (a) (i) "Currency index warrant" means a put or call warrant that overlies an "index currency group" (as defined below) and that is listed for trading on the Exchange pursuant to the listing standards of Paragraph 703.15 of the Exchange's Listed Company Manual.

(ii) "Currency warrant" means a put or call warrant that overlies a foreign currency or a "cross currency" and that is listed for trading on the Exchange pursuant to the listing standards of Paragraph 703.15 of the Exchange's Listed Company Manual. "Cross Currency" means two non-United States currencies that are related in a prescribed manner.

(iii) "Index currency group" means a group of currencies whose inclusion and relative representation in the group is determined by the inclusion and relative representation of the current market prices of the currencies in a currency index.

(iv) "Index stock group" and "broad index stock group" have the meanings that paragraphs (b)(31) and (b)(6) of Rule 700 (Applicability, Definitions and References) assign to those terms.

(v) "Industry index stock group" means, in the context of stock index warrants, an index stock group of nine or more stocks whose inclusion and relative representation in the group are determined by the inclusion and relative representation of their current market prices in a widely-disseminated stock index reflecting a particular industry or closely-related industries.

(vi) "Stock index warrant" means a put or call warrant that overlies a broad index stock group or an industry index stock group and that is listed for trading on the Exchange pursuant to the listing standards of Paragraph 703.17 of the Exchange's Listed Company Manual.

Applicability

(b) This Rule 414 shall apply only to Exchange trading in currency warrants, currency index warrants and stock index warrants.

Except as this Rule otherwise provides, or unless the context otherwise requires, the provisions of the Constitution and all other Rules of the Exchange shall apply to trading on the Exchange in currency warrants, currency index warrants and stock index warrants.